

1997-98 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance  
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR\_RCP\_pt01a
- 97hrAC-EdR\_RCP\_pt01b
- 97hrAC-EdR\_RCP\_pt02

- Appointments ... Appt
- 
- Clearinghouse Rules ... CRule
- 
- Committee Hearings ... CH
- 
- Committee Reports ... CR
- 
- Executive Sessions ... ES
- 
- Hearing Records ... HR
- 
- Miscellaneous ... Misc
- 97hr\_JC-Fi\_Misc\_pt05n\_DPR
- 
- Record of Comm. Proceedings ... RCP
-

Joint Finance

16.515/16.505

14 Day Passive  
Reviews

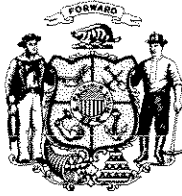
5/14/97 -

6/30/97

DOC/DNR/DPI  
5/19/97

**Tommy G. Thompson**  
Governor

**Michael J. Sullivan**  
Secretary



Mailing Address  
149 East Wilson Street  
Post Office Box 7925  
Madison, WI 53707-7925  
Telephone (608) 266-2471

## **State of Wisconsin**

### **Department of Corrections**

---

June 13, 1997

Senator Brian Burke, Co-Chair  
Representative Scott Jensen, Co-Chair  
Joint Committee on Finance  
P.O. Box 7882  
Madison, WI 53702

Dear Senator Burke and Representative Jensen:

I want to thank the Committee for its approval of the 16.515, Stats. requests for the Department of Corrections relating to Prison Industries.

In addition, I would like to respond to concerns made in the approval letter and to inform you of my plans to assure the solvency of the private sector industry program.

In your approval letter you requested a plan and time-table for the private sector ventures to be solvent and to repay the cash deficit which is expected to occur in FY 97. Of the \$337,800 cash deficit which may occur in FY 97, \$103,600 are start-up and non-recurring expenses which should not repeat themselves in future years. Further, at the higher production level for the Fabry project the Department's unit cost of production is declining and we are beginning to make a profit on each item sold. Additional steps to be taken are:

- A full review of costs and pricing of both ventures and negotiation of changes to assure solvency.
- An increase in productivity in the Fabry project by adding 20 work stations.
- An attempt to increase orders for the Jorgensen project.

Based on these actions, it is estimated that FY 98 cash revenues for the two ventures will be \$3,550,000 with expenditures of \$3,425,600 or a cash profit of \$124,400. At this rate, the deficit which may occur in FY 97 would be repaid during fiscal year 1999-2000. I feel that it needs to be kept in perspective when discussing losses from the private sector venture that inmates working for these ventures are paying taxes, child support, restitution and room and board. If the revenue projection of \$3,550,000 for FY 98 is realized, inmates will pay almost \$800,000 for these purposes. In order to better monitor these ventures, I strongly support the Committee's

Senator Brian Burke, Co-Chair  
Representative Scott Jensen, Co-Chair  
June 13, 1997  
Page 2

budget proposal to place the private sector program into a separate appropriation from the regular Industries programs.

In recent years, Prison Industries has been a successful program. From FY 89 through FY 96, Prison Industries has accumulated cash profits amounting to \$4,996,400. During that period, the amount owed the State was reduced from \$6,441,400 on June 30, 1988 to \$1,445,000 on June 30, 1996.

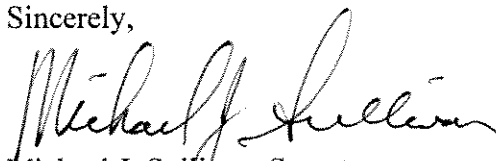
In each of the fiscal years during this period, Industries recorded a cash profit except for FY 93. In that year, the cash deficit was caused by the need to purchase large quantities of raw materials for productions in one fiscal year with delivery and payment in the next fiscal year. This was the year Industries produced furniture products for the UW Business School and a large order for UW Green Bay.

Even for FY 97, excluding the private sector ventures and the need to purchase materials for the WHEDA building in one fiscal year with revenues received in another fiscal year, Industries would have realized a cash profit of about \$100,000.

I find this record of achievement remarkable especially considering sales went from \$8.5 million in FY 88 to over \$15.4 million in FY 96 and inmate employment grew by over 25%. Additional steps needed to improve Industries are contained in the Governor's budget request. They include 1) the reorganization of the Industries Section into three units, thus permitting better day to day supervision of the manufacturing and service operations while freeing up top management staff for better planning; and 2) the request for resources to continue implementation of the automated cost accounting and manufacturing operations systems which will further enhance the management capability of the program.

If you or members of your Committee have other specific suggestions on the management of this program, I welcome your input and would be pleased to discuss these matters with you.

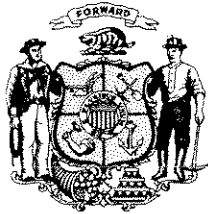
Sincerely,

A handwritten signature in dark ink, appearing to read "Michael J. Sullivan". The signature is fluid and cursive, with the first name "Michael" being the most prominent part.

Michael J. Sullivan, Secretary  
Department of Corrections

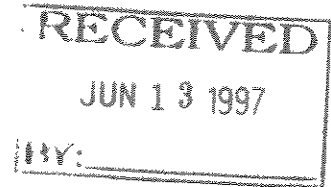
STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY



Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864

June 12, 1997



The Honorable Brian Burke, Senate Chair  
Joint Committee on Finance  
119 Martin Luther King Blvd.  
Madison, WI 53702

The Honorable Scott Jensen, Assembly Chair  
Joint Committee on Finance  
315 North, State Capitol  
Madison, WI 53702

Dear Senator Burke and Representative Jensen:

I want to thank the Committee for its approval of the May 1997 s. 16.515 requests for the Department of Corrections relating to Prison Industries. Your approval will allow the WHEDA systems furniture project to proceed on schedule which will help to improve the financial condition of the Prison Industries furniture operation. Your approval will also help the financial condition and the success of the private ventures which this Administration believes is important to the efficient operation of the prison system.

The Department of Administration and the Department of Corrections are sensitive to your concerns regarding the administration of the private venture program.

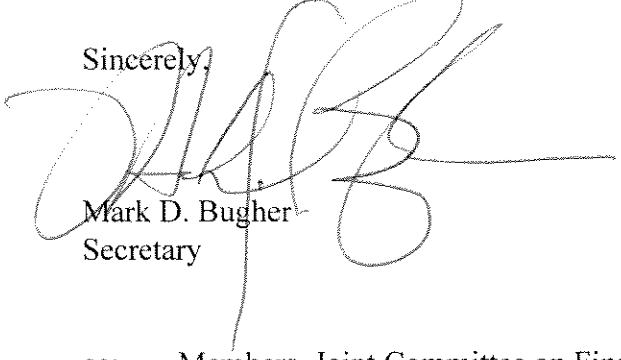
I agree that we should have sought expenditure authority when it was first recognized that private venture expenditures would exceed existing expenditure authority. We will prevent the failure to seek expenditure authority in the future by requiring that a projection of expenditure authority needs to be included as part of the quarterly prison industries reports submitted to the Committee as required under s. 303.019.

Secretary Sullivan will provide you with additional steps to improve management and a timetable to ensure that the indebtedness to the State related to the private ventures will be eliminated by fiscal year 1999-00.

The Honorable Brian Burke  
The Honorable Scott Jensen  
Page Two  
June 12, 1997

Again, I want to express my appreciation for your cooperation and assistance in this matter.

Sincerely,



Mark D. Bugher  
Secretary

cc: Members, Joint Committee on Finance  
Michael J. Sullivan, Secretary, Department of Corrections

# FABRY GLOVE & MITTEN COMPANY

1201 MAIN STREET  
P.O. BOX 1477  
GREEN BAY, WI 54305-1477

PHONE: (414) 435-3737

FAX: (414) 435-7618

To: Joint Committee on Finance

From: John J. Fabry

Date: May 12, 1997

I am writing to you today to provide you with additional information for the upcoming 16.515 request and to address the specific allegations of worker displacement as a result of our contract with the Department of Corrections.

Workers were not displaced as a result of the DOC program. The decision to close our Marinette facility was made in 1995, almost one year before we entered into the DOC contract. Virtually all of those workers were offered jobs in Green Bay. We also offered those employees who elected not to join us in Green Bay outplacement services and severance pay.

The decision to consolidate our Morrow Street and Main Street facilities was made at the recommendation of our outside consultant, Fort Dearborn Partners, Inc. We did not eliminate positions as a result of that merger. We planned to move all the employees at Morrow Street to Main Street. The DOC program had no impact on that decision. Rather these consolidation efforts were designed to save money on overhead, because operating three separate manufacturing facilities is not cost effective due to the duplicative expenses, such as rent, utilities, and taxes.

Over the past year, we have terminated a handful of employees for performance issues. Those decisions were made independent of both the consolidation efforts and the DOC program. Obviously, as an employer, we need the discretion to address employees who are not performing to standard.

After the hearing on May 7 in Green Bay before the Senate Corrections Committee, Chairman Rod Moen noted to the Green Bay News Chronicle that the former employees who testified were "disgruntled workers". He also said that he heard "no conclusive evidence that jobs were displaced."



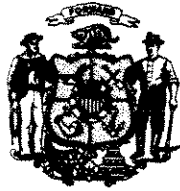
Because of the textile industry marketplace, the majority of manufacturers produce their products overseas. I have chosen to keep the jobs of 120 workers here in Green Bay. The inmate work operation at the Green Bay Correctional Institution has allowed my company to remain competitive in the marketplace and continue the operation here.

My company has continually attempted to recruit workers in the Green Bay area, but we have not been able to hire enough skilled employees for these jobs. From August, 1996, through November, 1996, we ran classified ads in newspapers looking for dozens of new employees. We found only four new employees. Today, we are seeking up to 18 new employees.

# STATE OF WISCONSIN

JR

SENATE CHAIR  
**BRIAN BURKE**



ASSEMBLY CHAIR  
**SCOTT JENSEN**

LL1 119 Martin Luther King Blvd.  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: 266-8535

315 North, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 264-6970

## JOINT COMMITTEE ON FINANCE

May 21, 1997

Mr. Mark D. Bugher, Secretary  
Department of Administration  
101 East Wilson Street, 10th Floor  
Madison, WI 53702

Dear Secretary Bugher:

We are writing to inform you the Joint Committee on Finance has reviewed your request, dated May 1, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to the requests from the Department of Corrections, the Department of Natural Resources and the Department of Public Instruction.

No objections have been raised concerning these requests. Accordingly, the requests are approved.

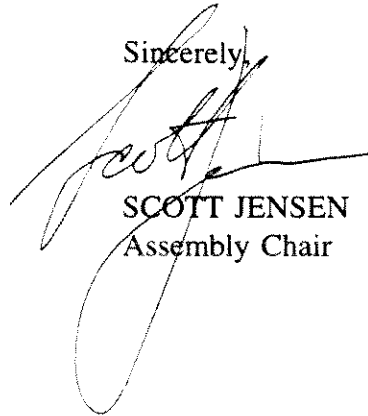
We would, however, like to strongly indicate our concerns regarding the Department of Corrections' administration of the private ventures program. This request represents the first time any increase in expenditure authority for private ventures has been requested. Your letter indicates that, while the Jorgensen project is operating with a small profit, the Fabry project has a cash deficit of \$343,600. This deficit further adds to the historic debt that Badger State Industries has run. To make matters worse, Corrections was aware of the need for increased expenditure authority as far back as December, 1996, and chose not to submit a request to this Committee until all existing expenditure authority had been utilized and all operations in BSI would be affected. This is an indication of poor management of the state's resources by the Department of Corrections.

We request your response, and that of Secretary Sullivan, as to how your Departments will ensure that the private ventures debt to the State will be eliminated, the timetable for this to occur, and the steps to be taken to improve the management of BSI. Please respond in writing by June 13, 1997.



BRIAN BURKE  
Senate Chair

Sincerely,



SCOTT JENSEN  
Assembly Chair

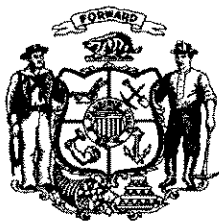
BB/SJ/jc

cc: Members, Joint Committee on Finance  
Secretary Michael Sullivan, Corrections  
Linda Nelson, Department of Administration  
Bob Lang, Legislative Fiscal Bureau

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

Room LL 1 MLK  
P.O. Box 7882  
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Phone: (608) 266-8535



ASSEMBLY CHAIR  
**SCOTT JENSEN**

315-N Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: (608) 264-6970

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Brian Burke  
Representative Scott Jensen  
Co-Chairs, Joint Committee on Finance

Date: May 1, 1997

Re: s. 16.515/16.505 Request

Attached is a copy of a request from the Department of Administration dated May 1, 1997, pursuant to s. 16.515/16.505, Stats., pertaining to requests from the Department of Corrections, the Department of Natural Resources and the Department of Public Instruction.

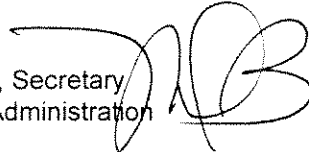
Please review these items and notify **Senator Burke's or Representative Jensen's** office no later than **Monday, May 19, 1997** if you have any concerns about the request or would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

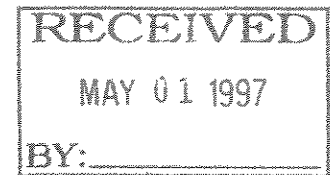
BB:SJ:jc

**CORRESPONDENCE MEMORANDUM**STATE OF WISCONSIN  
Department of Administration

Date: May 1, 1997

To: The Honorable Brian Burke, Co-Chair  
Joint Committee on FinanceThe Honorable Scott Jensen, Co-Chair  
Joint Committee on FinanceFrom: Mark D. Bugher, Secretary  
Department of Administration

Subject: S. 16.515/16.505(2) Requests



Enclosed are requests which have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1995-96</u> <u>AMOUNT</u>	<u>FTE</u>	<u>1996-97</u> <u>AMOUNT</u>	<u>FTE</u>
DOC 20.410(1)(km)	Prison Industries (WHEDA)			\$1,495,800	
DOC 20.410(1)(km)	Prison Industries (Private ventures)			\$1,891,800	
DNR 20.370(2)(bj)	Stormwater permitting workload			\$60,800	2.0
DPI 20.255(1)(gt)	Residential Schools; Pupil Transportation			\$50,200	

As provided in s. 16.515, this request will be approved on May 22, 1997, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

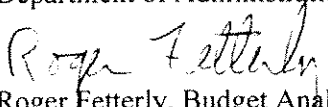
Please contact Jay Huemmer at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

**CORRESPONDENCE\MEMORANDUM****STATE OF WISCONSIN  
Department of Administration**

**Date:** April 29, 1997

**To:** Mark D. Bugher, Secretary  
Department of Administration

**From:**   
Roger Fetterly, Budget Analyst  
Division of Executive Budget and Finance

**Subject:** S. 16.515 Request from the Department of Corrections

REQUEST

The Department of Corrections (DOC) requests a one-time increase in expenditure authority of \$1,600,400 PRS in FY97 in the Prison Industries appropriation, s. 20.410 (1) (km), to pay for raw material to produce systems furniture ordered by the Wisconsin Housing and Economic Development Authority (WHEDA) and their tenant Departments of Commerce and Tourism for the building currently under construction on West Washington Avenue in Madison, Wisconsin.

REVENUE SOURCES FOR APPROPRIATION

The sources of revenue deposited in appropriation 20.410 (1) (km) are receipts from products and services provided to customers of Badger State Industries and private sector ventures operating in prisons. The revenue for this specific request will come from the sale of systems furniture to the occupants of the new WHEDA building.

BACKGROUND

Prison industries is an enterprise activity operating 13 prison industries providing employment for approximately 700 inmates at 9 correctional institutions and centers. Prison industries is an integral part of the correctional system providing laundry, textiles, printing, and wood and metal furniture for new and existing correctional institutions. Prison industries also provides similar products and services to other governmental agencies and limited products and services for non-profit agencies.

ANALYSIS

DOC is requesting a one-time increase in expenditure authority in FY97 for the following purposes to fill the WHEDA order for systems furniture:

	<u>FY97</u>
Systems furniture panels, hardware and accessories	\$1,036,100
Work surfaces, laminate and particle board	414,500
Fabric	67,700
Lighting	82,100
Total	<u>\$1,600,400</u>

WHEDA has submitted a letter of intent to purchase \$545,400 in systems furniture to furnish their portion of the new building. The Department of Administration has committed to purchasing systems furniture in the amount of \$176,000 for the Department of Tourism and \$1,305,000 for the Department of Commerce for a total purchase of \$2,026,400 for systems furniture from Prison Industries. In order to have enough lead time to order and receive raw material, manufacture the systems furniture and deliver it during July and August of 1997, DOC needs a one-time increase in expenditure authority in FY97 to purchase raw material.

DOC is requesting an increase in expenditure authority of \$1,600,400 PRS to have adequate expenditure authority to complete this project. However, this assumes a level of expenditure authority of \$14,489,700 in (1) (km) which has been reduced by an internal transfer of \$104,600 as a reserve for private ventures. Using the WISMART level of expenditure authority for appropriation (1) (km), the additional expenditure authority needed for this request is \$1,495,800.

Approval of this request will increase the deficit in the non-private venture part of the Prison Industries appropriation by \$1,397,100 in FY97. This deficit will carry over into FY98 and be offset in the first quarter of FY98 by a \$2,026,400 receipt for payment of the systems furniture.

Failure to increase the expenditure authority for this project will likely delay the scheduled opening of the WHEDA building, increase idleness in prisons due to lack of employment for inmates and adversely affect the financial condition of Prison Industries.

Summary of financial condition of appropriation 20.410 (1) (km). The following is a fund condition statement for appropriation 20. 410 (1) (km) to show the effect of the request on the appropriation as adjusted, and excluding private venture expenditures and receipts:

	FY97
Opening balance	-\$1,445,018
Revenue:	
Revenue year-to-date (2/28/97)	8,946,000
Revenue projected to June 30	5,747,000
Total revenue	14,693,000
Expenditures:	
Expenditures year-to-date (2/28/97)	9,457,800
Projected expenditures to 6/30/97	5,136,500
<b>This 16.515 supplemental recommendation</b>	<b>1,495,800</b>
Total expenditures projected for FY97	16,090,100
Closing balance	-\$2,842,118

**Expenditure authority:**

WISMART current budget authority	\$14,398,600
Pay plan supplement	195,700
Total expenditure authority available	<u>14,594,300</u>
Less:	
Total expenditures projected for FY97	16,090,100

**Recommended expenditure authority increase** **\$1,495,800**

SUMMARY

DOC is requesting an increase in expenditure authority of \$1,600,400 PRS in FY97 to purchase the raw materials with sufficient lead time to produce systems furniture to be install in the new WHEDA building in July and August of 1997. This will increase the deficit by \$1,397,100 in FY97 in the Prison Industries appropriation, which will be more than adequately covered by a receipt of \$2,026,400 in FY98. Due to DOC's assumption that the current expenditure authority is \$104,600 less than authorized by WISMART, an increase in expenditure authority of \$1,495,800 PRS is sufficient to provide adequate funding for the project.

RECOMMENDATION

Approve a one-time increase in expenditure authority of \$1,495,800 PRS in appropriation 20.410 (1) (km) in FY97.



Tommy G. Thompson  
Governor

Michael J. Sullivan  
Secretary



Mailing Address  
149 East Wilson Street  
Post Office Box 7925  
Madison, WI 53707-7925  
Telephone (608) 266-2471

## State of Wisconsin Department of Corrections

---

April 22, 1997

### MEMORANDUM

TO: Mark D. Bugher, Secretary  
Department of Administration

FROM: Michael J. Sullivan, Secretary  
Department of Corrections

RE: S. 16.515(1) Request for Appropriation 20.410(1)(km)  
Numeric Appropriation 131, Badger State Industries

A handwritten signature in black ink that reads "Michael J. Sullivan".

The Department of Corrections requests a one time increase in expenditure authority in Appropriation 20.410(1)(km)(134) of \$1,600,400 in FY 97 to pay for raw materials to produce systems furniture ordered by Wisconsin Housing and Economic Development Authority (WHEDA) and their tenants Departments of Commerce and Tourism for the building under construction on West Washington Avenue in Madison, Wisconsin. The Department expects to receive \$2,026,400 in revenue during FY 98 for the WHEDA project systems furniture.

### Background

The Department requests a one time increase in expenditure authority in 20.410(1)(km) of \$1,600,400 in FY 97 for raw material costs to produce system furniture. WHEDA has submitted a letter of intent to purchase \$545,400 in systems furniture for the building. The Department of Administration has committed to purchasing \$176,000 for the Department of Tourism and \$1,305,000 for the Department of Commerce. In order to have enough lead time to order and receive raw materials, manufacture the systems furniture, and deliver it during July and August 1997, the Department requests one-time, increased expenditure authority in FY 97 for the raw materials. All of the revenue (\$2,026,400) for this project will be received during FY 98.

A fund condition for appropriation 20.410(1)(km) including both private and non-private portions of Badger State Industries is attached.

Appropriation Revenue Sources

20.410(1)(km) derives revenue from metal stamping, laundry, textiles, data entry, signs, silk screening, printing, production of furniture, upholstery, special projects, and private venture partnerships.

Revenues - Badger State Industries Non-Private Ventures

FY 97 cash receipts are projected to be \$14,693,000 after \$81,100 in debt service is deducted. Cash received for the fiscal year by February 28, 1997 totaled \$9,027,100. The Department will realize a one-time increase in the appropriation's debit of \$1,397,100 during FY 97 related to the purchase of raw materials for the WHEDA project. Payment of the \$2,026,400 WHEDA project is expected in FY 98.

Expenditures - Badger State Industries Non-Private Ventures

FY 97 expenditures are projected to be \$16,090,100. The Department's current expenditure authority in 20.410(1)(km) non-private ventures is \$14,294,000 which includes a carry over balance of \$50,000 from FY 97 and is reduced by an internal transfer of \$104,600 in expenditure authority from Badger State Industries to private ventures. In addition, a salary/fringe supplement of \$195,700 is pending approval at the Department of Administration. When the salary/fringe supplement is approved, total expenditure authority will be \$14,489,700. This request for one-time expenditure authority for \$1,600,400 is for the following raw materials:

Systems Furniture (panels, hardware, etc.)	\$1,036,100	
Work surfaces (laminare, particle board)	414,500	
Fabric	67,700	
Lights	<u>82,100</u>	
Total		\$1,600,400

In summary, the Department of Corrections requests a one time increase in expenditure authority in Appropriation 20.410(1)(km) of \$1,600,400 in FY 97 to pay for raw materials to produce systems furniture. The Department expects to receive \$2,026,400 in revenue during FY 98 for the manufactured system furniture.

cc: Ave Bie, Dpty. Sec.	Scott Peterson, Ex. Asst.
Ken Sondalle, DAI	Terri Danner, DMS
Cindy Schoenike, DAI	Dick Verhagen, DAI
Steve Kronzer, BCE	Mary Cassady, BoB
Roger Fetterly, DOA	Cathy Halpin, BoB
Lucie Widzinski-Pollock, BoB	

20.410(1)(km)  
Fiscal Year 1997  
Fund Condition Statement-WHEDA Project

Revenues

Non-Private Collected Thru 2/28/97	9,027,100	
Projected Thru 6/30/97	5,747,000	
Debt Service	<u>(81,100)</u>	
Total Non-Private		\$14,693,000 ✓

Expenditures

Non-Private Expended Thru 2/28/97	9,457,800	
Projected Thru 6/30/97	5,031,900	
<b>Pending 16.515 request</b>	<b><u>1,600,400</u></b>	
Total Non-Private		\$16,090,100 ✓
FY 97 Debit		(\$1,397,100)

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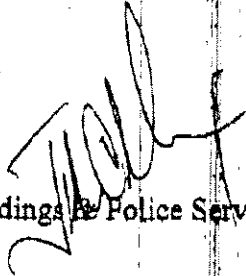
Opening Cash Balance - 20.410(1)(km) appropriation 134	(\$1,445,018)
Non-Private (This 16.515)	(\$1,397,100)
Private Venture Debit (2nd 16.515 pending)	<u>(337,800)</u>
Closing Cash Balance with debit to appropriation 134	(\$3,179,918)

April 21, 1997

MEMORANDUM

TO: Chris Faulhaber, Jr.  
Director, DOC/BSI

FROM: John Marx, DOA  
Administrator, Buildings & Police Service



This memo is to confirm that the Departments of Tourism and Commerce will be purchasing systems furniture from BSI. As you know, the agencies are currently finalizing the furniture requirements for both agencies and the completed bills of materials have not yet been determined.

It is estimated that the cost to Tourism and Commerce be approximately \$176,000, \$1,305,000 respectively for the systems furniture that will be installed in the new WHEDA building this summer.

These estimates are based on typical workstations and may vary upon final approved drawings and bills of materials.



WISCONSIN HOUSING & ECONOMIC DEVELOPMENT AUTHORITY

Fritz Ruf  
Executive Director

Tommy G. Thompson  
Governor

Edwin J. Zagzebski  
Chairman

April 21, 1997

Ms. Cathy Halpin  
Department of Corrections  
149 E. Wilson St.  
Madison, WI 53703

Dear Ms. Halpin:

I am writing to confirm that the Wisconsin Housing and Economic Development Authority (the "Authority") will place an order in the amount of \$545,357 with Badger State Industries, Inc. for the purchase of System XXI furniture. This order will be placed before June 30, 1997. The furniture will be delivered and installed during July and August 1997 and paid during the fiscal year ended June 30, 1998.

Please contact me at 267-0535 if you have any questions.

Sincerely,

*June M. Fargo*  
June M. Fargo  
Director, Administration

Post-it® Fax Note	7671	Date	4-21-97	# of pages	1
To	Cathy Halpin	From	June Fargo		
Co./Dept.	Dept of Corrs.	Co.	WHEDA		
Phone #		Phone #			
Fax #	267-3661	Fax #			

# INDUSTRIES

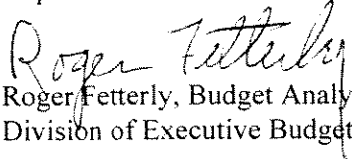
BSI INDUSTRIES WITHOUT PRIVATE VENTURES 16.515 REQUEST INFORMATION	Current Expend. Authority	Pay Plan Supplement	Total Current Expenditure Authority	Total Projected FY 97 Expenditures	Difference	DOA Transfer Allotments	Additional Planned Transfer Allotments	Current Need for 16.515
Permanent Salary (Minus \$63,900 Turnover)	\$ 2,179,900	\$ 114,300	\$ 2,294,200	\$ 2,228,100	\$ 66,100	\$ (76,000)	\$ 9,900	\$ -
Project Salary	\$ 24,900	\$ -	\$ 24,900	\$ 8,300	\$ 16,600	\$ -	\$ (16,600)	\$ -
LTE Salary	\$ 24,400	\$ -	\$ 24,400	\$ 181,000	\$ (156,600)	\$ 109,100	\$ 47,500	\$ -
Fringe	\$ 850,700	\$ 81,400	\$ 932,100	\$ 861,800	\$ 70,300	\$ -	\$ (70,300)	\$ -
Perm Property (Plus \$32,400 Carryover)	\$ 282,400	\$ -	\$ 282,400	\$ 155,300	\$ 127,100	\$ -	\$ (127,100)	\$ -
Supplies and Services	\$ 9,765,800	\$ -	\$ 9,765,800	\$ 11,668,900	\$ (1,903,100)	\$ (4,500)	\$ 307,200	\$ (1,600,400)
Unallotted Reserve	\$ 146,000	\$ -	\$ 146,000	\$ -	\$ 146,000	\$ (28,600)	\$ (117,400)	\$ -
Variable Non-Food (Inmate Wages)	\$ 801,400	\$ -	\$ 801,400	\$ 719,400	\$ 82,000	\$ -	\$ (82,000)	\$ -
Internal Services	\$ 28,500	\$ -	\$ 28,500	\$ 45,800	\$ (17,300)	\$ -	\$ 17,300	\$ -
Rent	\$ 190,000	\$ -	\$ 190,000	\$ 221,500	\$ (31,500)	\$ -	\$ 31,500	\$ -
Total	\$ 14,294,000	\$ 195,700	\$ 14,489,700	\$ 16,090,100	\$ (1,600,400)	\$ -	\$ -	\$ (1,600,400)

# **CORRESPONDENCE MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

**Date:** April 29, 1997

**To:** Mark D. Bugher, Secretary  
Department of Administration

**From:**   
Roger Fetterly, Budget Analyst  
Division of Executive Budget and Finance

**Subject:** S. 16.515 Request from the Department of Corrections

## REQUEST

The Department of Corrections (DOC) requests a one-time increase in expenditure authority of \$1,787,200 PRS in FY97 in the Prison Industries appropriation, s. 20.410 (1) (km), for raw materials, inmate labor and supplies and services expenditures for new private ventures located at the Waupun and Green Bay Correctional Institutions. DOC also requests a hearing before the Joint Committee on this request.

## REVENUE SOURCES FOR APPROPRIATION

The sources of revenue deposited in appropriation 20.410 (1) (km) are receipts from products and services provided to customers of Badger State Industries and private sector ventures operating in prisons.

## BACKGROUND

Prison industries is an enterprise activity operating 13 prison industries providing employment for approximately 700 inmates at 9 correctional institutions and centers. Prison industries is an integral part of the correctional system providing laundry, textiles, printing, and wood and metal furniture for new and existing correctional institutions. Prison industries also provides similar products and services to other governmental agencies and limited products and services for non-profit agencies.

Under 1995 Wisconsin Act 27, Prison industries was authorized to enter into three private venture partnerships to utilize inmate labor for manufacturing operations. Two of those partnerships are currently in operation; the Fabry Glove and Mitten Co. operation at the Green Bay CI and the Jorgensen Conveyor Co. at Waupun CI involved in welding conveyors.

### ANALYSIS

DOC is requesting a one-time increase in expenditure authority in FY97 for the following purposes to cover the private venture expenditures already incurred or projected for the remainder of FY97:

	<u>FY97</u>
Staff salaries for one supervisor and 3 industries specialists	\$79,700
Fringe benefits	24,900
Capital:	
Building modifications for private ventures	54,100
Master lease for manufacturing equipment	35,700
Inmate wages and FICA	549,800
Supplies and services	1,147,600
Total	<u>\$1,891,800</u>

The supplies and services includes raw materials, utilities, rent, telephone expenses, travel, housekeeping supplies, office supplies, minor equipment, administrative overhead and correctional officer overtime associated with the private ventures.

Since no expenditure authority was authorized when private sector ventures were approved in Act 27, \$104,600 of Prison Industries expenditure authority was allocated internally to start the two new ventures. However, Prison Industries has another pending s. 16.515 request to increase expenditure for systems furniture for the WHEDA building and needs this allocation to use for that purpose. Accordingly, a \$1,891,800 increase in expenditure authority would be needed to cover all of the private venture expenditures for FY97 rather than the \$1,787,200 requested by DOC.

The Fabry Glove operation began slowly with 6 inmate employes early in FY97 and will have 100 employes by May 1, 1997. The operation is projecting total expenditures of \$1,852,700 and revenue of \$1,509,100 for a cash deficit of \$343,600 in FY97. The cash deficit is attributable to non-recurring expenditures for start-up of the Fabry venture. It is expected that after FY97 the Fabry operation will generate profits that will help to further reduce the overall prison industries deficit.

The Jorgensen welding operation has been in operation since June of 1996. It currently employes 7 inmates and continues to receive new orders. The operation is projecting total expenditures of \$39,100 and revenue of \$44,900 for a cash profit of \$5,800 in FY97.

Inmates employed by Fabry will contribute \$245,000 and those employed by Jorgensen will contribute \$10,450 toward ongoing room and board operating costs of the correctional institutions. In addition, inmates for Jorgensen and Fabry will have contributed \$23,100 in federal taxes, \$9,200 in state taxes, \$39,100 for FICA and Medicare, \$25,500 for crime victim repayment, and \$1,000 in child support payments in FY97.

The department has incurred costs in working with both industries and the current DOC expenditure authority for the program is well short of projected needs for FY97.



Summary of financial condition of appropriation 20.410 (1) (km). The following is a fund condition statement for appropriation 20. 410 (1) (km) to show the effect of the request on the appropriation as adjusted:

	<u>FY97</u>
Opening balance	-\$1,445,018
Revenue:	
Revenue year-to-date (2/28/97)	9,063,500
Revenue projected to June 30	<u>7,183,400</u>
Total revenue	16,246,900
Expenditures:	
Expenditures year-to-date (2/28/97)	9,457,800
Projected expenditures to 6/30/97	5,136,500
Pending 16.515 for WHEDA project	1,495,800
<b>This 16.515 supplemental recommendation</b>	<u><b>1,891,800</b></u>
Total expenditures projected for FY97	17,981,900
Closing balance	-\$3,180,018
<b>Expenditure authority:</b>	
WISMART current budget authority	\$14,398,600
Pay plan supplement	195,700
Pending 16.515 for WHEDA project	<u>1,495,800</u>
Total expenditure authority available	16,090,100
Less:	
Total expenditures projected for FY97	17,981,900
<b>Recommended expenditure authority increase</b>	<b>\$1,891,800</b>

#### SUMMARY

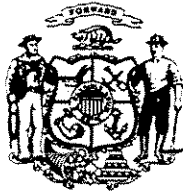
DOC is requesting an increase in expenditure authority of \$1,787,200 PRS to cover the expenditures incurred and projected to operate the private ventures through the remainder of FY97. Since the total projected expenditures are \$1,891,800, the increase in expenditure authority should be \$1,891,800 because no expenditure authority previously existed for this purpose.

#### RECOMMENDATION

Approve a one-time increase in expenditure authority of \$1,891,800 PRS in appropriation 20.410 (1) (km) in FY97 and request an hearing on this matter before the Joint Committee on Finance.

Tommy G. Thompson  
Governor

Michael J. Sullivan  
Secretary



Mailing Address  
149 East Wilson Street  
Post Office Box 7925  
Madison, WI 53707-7925  
Telephone (608) 266-2471

## State of Wisconsin Department of Corrections

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April 22, 1997

APR 22 1997

### MEMORANDUM

TO: Mark D. Bugher, Secretary  
Department of Administration

FROM: Michael J. Sullivan, Secretary  
Department of Corrections

RE: S. 16.515(1) Request for Appropriation 20.410(1)(km)  
Numeric Appropriation 131, Badger State Industries

A handwritten signature in cursive script that reads "Michael J. Sullivan".

The Department of Corrections requests a one time increase in expenditure authority in Appropriation 20.410(1)(km)(134) of \$1,787,200 in FY 97 for raw materials, inmate labor, and supplies and services expenditures related to the new private sector ventures located at Waupun and Green Bay Correctional Institutions. The Department of Corrections also requests a Joint Finance hearing on this matter.

### Background

In FY 96 Prison Industries was given authority to enter into a working relationship with three private sector companies to utilize inmate labor. While authority was given to enter into these ventures, no increase in expenditure authority was granted at that time.

### Appropriation Revenue Source

20.410(1)(km) derives revenue from laundry, metal stamping, textiles, data entry, signs, silk-screening, printing, production of furniture, upholstery, special projects and private venture partnerships.

Revenues - Badger State Industries Private Ventures

Prison Industries estimates that it will have total cash revenues of \$1,554,000 for FY 97 from the two current private sector ventures. With expenditures of \$1,891,800 this leaves a cash debit of \$337,800. Badger State Industries will realize a profit of \$5,800 for Jorgensen, Inc. and \$343,600 in debits from the Fabry venture. The debit is related to non-recurring expenditures attributable to start-up of the venture. It includes remodeling costs, a net difference between the Department's master lease payment and the receipts for the master lease, minor equipment, staff and officer overtime, staff travel, and lower than anticipated inmate productivity during the first three-quarters of the fiscal year.

The joint venture with Fabry started slowly, employing only 6 inmates. This allowed Prison Industries to gain experience and turn out high quality goods. In September the inmate workforce was increased to 17 inmates and in December it was increased to 70 inmates. Prison Industries currently anticipates employing 100 inmates in the Fabry joint venture by May 1, 1997. The sudden growth in December was caused by an influx of orders to Fabry which in turn were passed on to the prison industry.

The Department has experienced substantial growth in the Fabry industry during the 3rd quarter. Prison Industries is projecting cash collections from Fabry of \$ 1,509,100 in FY 97. With total projected Fabry expenditures of \$1,852,700, it is anticipated that this joint venture will result in a cash debit of \$343,600 for FY 97.

Jorgensen, Inc. has been invoiced \$35,700 as of March 31, 1997. This amount represents 105 units produced, shipped and billed. The Department currently has orders in-house for 20 units and expects another 25 units to be ordered for delivery this fiscal year. Prison Industries is projecting cash receipts from Jorgensen of \$51,000 in FY 97 with an accounts receivable balance of \$6,100. With total projected expenditures of \$39,100 it is anticipated that the Jorgensen joint venture will result in a cash profit of \$5,800 for FY 97.

✓ Inmates employed by Fabry will contribute \$245,000 and those employed by Jorgensen will contribute \$10,450 towards ongoing room and board operating costs of the correctional institutions. In addition, inmates for Jorgensen and Fabry will have contributed \$23,100 in federal taxes, \$9,200 in state taxes, \$39,100 for FICA and medicare, \$25,500 for crime victim repayment, and \$1,000 in child support payments this fiscal year.

Expenditures - Badger State Industries Private Ventures

It is projected that Prison Industries will expend \$1,891,800 on these ventures during the current fiscal year. The estimated expenditures are as follows:

Staff Salaries	\$ 79,700
Fringe	\$ 24,900
Capital	\$ 89,800
Inmate Wages and FICA	\$ 549,800
Supplies and Services	<u>\$1,147,600</u>
TOTAL	\$1,891,800

Expenditures of \$79,700 in salary and \$24,900 in fringe for one Industries Supervisor and three Industries Specialists represents the expenditures in FY 97 associated with the reassignment of Badger State Industries staff to the private venture industries.

Expenditure authority and position authority for these staff already exists in 20.410(l)(km) and is not included in the request for increased expenditure authority.

\$1,147,600 is being requested for supplies and services. This includes raw materials, supplies, utilities, rent, telephone expenses, travel, housekeeping supplies, office supplies, minor equipment, administrative overhead and officer overtime associated with the private ventures. Projected expenditures of \$549,800 represents the costs associated with inmate wages and the employer's share of FICA. Projections of capital expenditures of \$89,800 represents \$54,100 for building modifications and master lease of \$35,700. The Department requests a one-time expenditure authority increase of \$1,787,200.

Summary

The combined total cash collections for private ventures for FY 97 will be \$1,554,000. Total private ventures expenditures will be \$1,891,800. This results in a debit of \$337,800 for the two combined private ventures. The Department expects to recoup the entire debit over the next four fiscal years. In addition the Department will realize \$2,249,800 in room and board payments over the same four fiscal years (\$562,450 per year).

The combined total cash collections for private ventures for FY 98 cash revenue is estimated to be \$3,550,000. Expenditures for FY 98 are projected to be \$3,425,600. This will result in a one-year (FY 98) profit of \$124,400 which will be applied to the FY 97 debit of \$337,800. At current production levels, Prison Industries projects recouping the first year Fabry start-up debit over the next four years.

The Department of Corrections requests a one time increase in expenditure authority in Appropriation 20.410(1)(km) of \$1,787,200 in FY 97 for raw materials, inmate labor, and supplies and services expenditures related to the new private sector ventures.

cc:	Ave Bie, Dpty. Sec.	Scott Peterson, Ex. Asst.
	Ken Sondalle, DAI	Terri Danner, DMS
	Cindy Schoenike, DAI	Dick Verhagen, DAI
	Steve Kronzer, BCE	Mary Cassady, BoB
	Roger Fetterly, DOA	Cathy Halpin, BoB
	Lucie Widzinski-Pollock, BoB	

20.410(1)(km)  
Fiscal Year 1997  
Fund Condition Statement-Private Ventures

Opening Cash Balance - Private Ventures \$0

Revenues

Private Collected Thru 2/28/97	117,500	
Projected Thru 6/30/97	<u>1,436,500</u>	
Total Non-Private		\$1,554,000

Expenditures

Private Expended Thru 2/28/97	614,800	
Projected Thru 6/30/97	<u>1,277,000</u>	
Total projected expenditures		1,891,800
<b>Total authority requested (16.515)</b>	<b>\$1,787,200</b>	

FY 97 Debit (\$337,800)


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Opening Cash Balance - 20.410(1)(km) appropriation 134	(\$1,445,018)
Non-Private (2nd 16.515 pending)	(\$1,397,100)
Private Venture Debit (This 16.515)	<u>(337,800)</u>
Closing Cash Balance with debit to appropriation 134	(\$3,179,918)

**CORRESPONDENCE MEMORANDUM****STATE OF WISCONSIN  
Department of Administration**

**Date:** April 28, 1997

**To:** Mark D. Bugher, Secretary  
Department of Administration

**From:** Russ Rasmussen   
Policy & Budget Analyst

**Subject:** Request under s. 16.505/515 from the Department of Natural Resources (DNR) to address storm water permitting workload, computer equipment and monitoring needs.

**REQUEST:**

DNR requests an increase of \$79,400 PR and 2.0 PR FTE positions in FY97 in the storm water management -- fees appropriation (20.370 (2) (bj)). This request includes: \$50,000 for computer purchases and continued funding for monitoring activities; \$26,400 for salary and fringe benefits for 1.0 PR FTE permanent position and 1.0 PR FTE 4-year project position; and \$3,000 PR for supplies and services.

**REVENUE SOURCES FOR APPROPRIATION(S):**

The sources of revenue deposited in the appropriation under 20.370 (2) (bj), storm water management -- fees are from discharge permit issuance fees charged to industries, municipalities and construction sites. Industrial storm water permits are grouped into three tiers: 1) heavy industry -- \$200 annually; 2) light industry -- \$100 annually; and 3) facilities that do not contaminate storm water -- \$0. Two municipalities, Milwaukee and Madison, pay \$10,000 each year for municipal permits, and construction sites over 5 acres are assessed a one-time application fee of \$200.

**BACKGROUND:**

1987 amendments to the Federal Clean Water Act require states to administer a storm water management program through a permit system. Wisconsin's program is authorized under s. 283.33, Wis. Stats. and NR 216, Wis. Adm. Code. The storm water permit program currently has 7.50 FTE positions funded as follows: 2.0 FTE positions from storm water permit fees; 1.5 FTE positions from general purpose revenues; and 4.0 FTE positions from federal funds. The Governor's 1997-99 biennial budget recommends transferring the 1.5 GPR FTE positions to storm water fee funding.

Annual estimated fee revenues are summarized in the following chart:

<u>Category</u>	<u>Number</u>	<u>Fee</u>	<u>Revenue</u>
Industrial - Tier 1	663	\$200	\$132,600
Industrial - Tier 2	1,413	100	141,300
Municipal	2	10,000	20,000
Construction	400	200	80,000
<b>Total</b>			<b>\$373,900</b>

The first chart below estimates the stormwater permit fee fund condition under current law, while the second reflects the Governor's recommended 1.5 FTE position and funding transfer:

Stormwater Permit Fee Fund Condition (No FTE Position Transfer)

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
Beginning Balance	\$103,000	\$246,000	\$491,600	\$723,100	\$953,200
Revenues	<u>318,000</u>	<u>373,900</u>	<u>373,900</u>	<u>373,900</u>	<u>373,900</u>
Total Available	421,000	619,900	865,500	1,097,000	1,327,100
Expenditures	<u>175,000</u>	<u>128,300</u>	<u>142,400</u>	<u>143,800</u>	<u>145,200</u>
<b>Ending Balance</b>	<b>\$246,000</b>	<b>\$491,600</b>	<b>\$723,100</b>	<b>\$953,200</b>	<b>\$1,181,900</b>

Stormwater Permit Fee Fund Condition (Including 1.5 FTE Position Transfer)

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
Beginning Balance	\$103,000	\$246,000	\$491,600	\$620,900	\$746,800
Revenues	<u>318,000</u>	<u>373,900</u>	<u>373,900</u>	<u>373,900</u>	<u>373,900</u>
Total Available	421,000	619,900	865,500	994,800	1,120,700
Expenditures	<u>175,000</u>	<u>128,300</u>	142,400	143,800	145,200
Governor's Budget			<u>102,200</u>	<u>104,200</u>	<u>106,100</u>
<b>Ending Balance</b>	<b>\$246,000</b>	<b>\$491,600</b>	<b>\$620,900</b>	<b>\$746,800</b>	<b>\$869,400</b>

ANALYSIS:

A number of changes affecting revenues and workload in the stormwater permit program are expected in the FY97-99 biennium. These include:

- Initial permitting of approximately 300 scrap processing and auto salvage yards at the tier 1 industrial level.
- Issuance of additional tier 1 and tier 2 stormwater permits.
- Downgrading of permits at some industrial sites due to the implementation of best management practices by industry and subsequent reduction of stormwater source pollution at these sites.
- Provisions in NR 216 that require municipalities with populations over 50,000 to obtain municipal stormwater permits beginning July 1, 1997. Approximately 12 additional municipal permits will be issued in the FY97-99 biennium at \$5,000 each.



- Environmental Protection Agency (EPA) stormwater permitting guidelines expected in September 1997 that are anticipated to require additional permitting for smaller municipalities (perhaps with populations as low as 10,000) and a reduction of the construction site permitting threshold from 5 acres to 1 acre.

The factors listed above will add significant workload to the stormwater permitting program. At least 300 new industrial permits and 12 new municipal permits are expected. (DNR estimates that 1.0 FTE position can process three to four municipal permits annually.) In addition, anticipated EPA guidelines to reduce the size of construction sites subject to permitting requirements will add greatly to the number of these applications to be processed. The 1.0 FTE permanent position requested by the department is a Wastewater Specialist to support permit development and issuance.

DNR officials report that the department is working to streamline the stormwater permitting process as much as possible. For example, general permits for various industrial sectors are being developed. Municipal general permits are also planned, but significant customization is still necessary due to the complexity presented by the variety of sites in a given community. Given the necessary resources, stormwater permit generation could be automated similar to the process being developed for point source WPDES permits. In addition, the stormwater database requires extensive update and development in order to make data entry and retrieval more efficient and provide for Geographic Information System (GIS) compatibility. The requested 1.0 FTE 4-year project Management Information Specialist position will assist with database refinements and automation of permit issuance.

The request also includes \$50,000 to purchase 10 personal computers -- 6 Pentium desktop and 4 Pentium laptop units. Staff currently function with 386 or older technology. Permit data is processed very slowly by these outdated machines. In some cases, the present PCs are not capable of executing a desired operation. The requested upgrades will substantially improve the speed of permit issuance, comply with state hardware and software standards, and allow the stormwater program to implement streamlining measures.

The \$50,000 used to fund computer purchases is requested as on an on-going basis to enhance stormwater monitoring efforts. A major criticism of the state's nonpoint pollution abatement program is lack of data concerning water quality improvements. These resources would be used to gather and provide data concerning the effectiveness of urban nonpoint pollution efforts. The program currently uses the Source Load Area Management Model (SLAMM) to predict the effects of various best management practices in reducing stormwater pollution. Increased monitoring will provide real-time data which will allow more accurate calibration of SLAMM as well as software upgrades to provide more features in a user-friendly manner. Anticipated special projects could also be implemented, e.g., effects of stormwater on fish reproduction, impacts of stormwater on individual lakes, relationships of traffic volume to pollutant loadings, and construction and maintenance of master monitoring sites.

The department has requested funding of \$26,400 PR for salary and fringe benefits and \$3,000 PR for supplies and services for three months of activity. Full funding of costs on an annual

basis will be \$105,600 PR for salary and fringe benefits and \$12,000 PR for supplies and services. Due to the timing of this request, in FY97 DNR will require only one month of salary and fringe benefits funding (\$9,800) and one month of supplies and services funding (\$1,000). Full annual funding in future fiscal years totals \$167,600.

The following table incorporates anticipated revenue and expense effects into the stormwater permit fee fund condition:

	<u>Stormwater Permit Fee Fund Condition</u>			
	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
Beginning Balance	\$246,000	\$430,800	\$427,500	\$503,700
Revenues:				
Industrial - Tier 1	132,600	162,600	192,600	192,600
Industrial - Tier 2	141,300	141,300	141,300	141,300
Municipal I	20,000	20,000	20,000	20,000
Municipal II		5,000	60,000	60,000
Construction	80,000	80,000	80,000	80,000
<b>Total Revenues:</b>	<b>\$373,900</b>	<b>\$408,900</b>	<b>\$493,900</b>	<b>\$493,900</b>
<b>Total Available</b>	<b>\$619,900</b>	<b>\$839,700</b>	<b>\$921,400</b>	<b>\$997,600</b>
Expenditures:				
Base	\$128,300	\$142,400	\$143,800	\$145,200
Governor's Budget		102,200	104,200	106,100
DNR Request	60,800	167,600	169,700	171,900
<b>Total Expenditures</b>	<b>\$189,100</b>	<b>\$412,200</b>	<b>\$417,700</b>	<b>\$423,200</b>
<b>Ending Balance</b>	<b>\$430,800</b>	<b>\$427,500</b>	<b>\$503,700</b>	<b>\$574,400</b>

Notes:

- Industrial - Tier 1 -- Adds 150 salvage / scrap yard permits in FY98 and 300 thereafter
- Municipal I -- Milwaukee and Madison municipal permits
- Municipal II -- 1 other municipality in FY98 and 12 thereafter
- Construction -- Due to uncertainty of EPA guidelines and unreliable estimates, sites of 1 to 5 acres are not added
- DNR Request -- Includes full funding for salaries, fringe and supplies in FYs 98-00

DNR did not finalize the identification of its needs in this area until April, 1997, too late for inclusion in the Governor's 1997-99 biennial budget recommendations. Much of the delay is attributable to DNR's desire to learn of EPA's intentions regarding stormwater permitting. While EPA's official guidance is not due for several months, state requirements (e.g., 300 salvage yard industrial and 12 municipal permits) alone impose a critical shortfall in staffing.

Mark D. Bugher  
April 28, 1997  
Page 5

Once EPA guidance is issued, which is expected to greatly increase the number of stormwater permits required, further increases in resources for the program may be necessary.

**RECOMMENDATION:**

Approve the requested positions. Provide \$60,800 PR in 20.370 (2) (bj), storm water management -- fees for purchase of computers and to support one month of salary, fringe benefit and supplies and services costs in FY97. The annual, on-going cost of this request in FY98 and future years is \$167,600 PR.

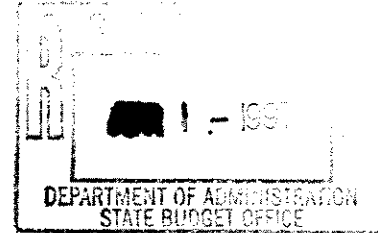
**CORRESPONDENCE/MEMORANDUM****State of Wisconsin**CC DS  
RR

DATE: March 25, 1997

FILE REF: 3420

TO: Richard G. Chandler, Director  
State Budget Office  
Department of Administration

FROM: George E. Meyer, Secretary

*George*SUBJECT: Program Revenue Appropriation Supplement Under s. 16.515 Wis. Stats., for  
the Bureau of Watershed Management**REQUEST**

The Department requests increased expenditure authority of \$79,400 PR in FY 97 in appropriation s. 20.370 (2) (bj) for the Bureau of Watershed Management. Specifically, the Department is requesting: (1) \$50,000 PR for funding a one-time purchase of additional computer equipment in FY 97, with this funding being used for on-going monitoring and evaluation activities in FY 98 and beyond; (2) \$26,400 PR and 2.0 FTE (1.0 permanent and 1.0 four-year project) in FY 97 needed to address storm water permitting workload; and (3) \$3,000 PR in FY 97 to provide supplies and services support funding for the 2.00 FTE currently authorized from the appropriation. The request would be funded from the available cash balance and future revenues to the appropriation.

**BACKGROUND**

In 1987, the Federal Clean Water Act was amended to control storm water pollution. In Wisconsin, the Department of Natural Resources is designated to administer the federally-mandated storm water program through a permit system. Wisconsin's storm water permit program is also authorized under s. 147.021, Wis. Stats., and ch. NR 216, Wis. Adm. Code. The primary purpose of the storm water permit program is to eliminate, to the maximum extent practicable, the discharge of pollutants carried by storm-generated runoff to the waters of the state.

Ch. NR 216 provides for discharge permit issuance to three broad categories of storm water discharges: industries, municipalities and construction sites. Industrial storm water permits are issued under a three-tiered system that groups industries by type and how likely they are to contaminate storm water. Tier 1 covers various "heavy" industries, Tier 2 includes "light" industries and Tier 3 are those industrial facilities where storm water is not contaminated by industrial activity. Certain larger municipalities must apply for storm water permits as must construction sites which will disturb greater than five acres. Annual fees for the permits are \$200 for Tier 1 industrial, \$100 for a Tier 2 industrial and \$10,000 for a municipal permit. Construction storm water permits have a one-time application fee of \$200.

Currently, there are 2.0 FTE funded from storm water permit fees. However, the appropriation does not provide for any supplies and services support for these 2.0 FTE. Recently, the Governor's 1997-99 biennial budget bill proposed the conversion of 1.5 GPR FTE to the storm water permit fee PR appropriation. If approved, the Governor's proposal would increase the number of FTE funded from storm water permit fees from 2.0 to 3.5.

#### ANALYSIS OF NEED

1. **FISCAL ANALYSIS** - The existing expenditure authority for the storm water program is in s. 20.370 (2)(b), Wis. Stats. The attached spreadsheet details the "fund condition" of the appropriation from FY 94 through FY 03 both with, and without, the increased expenditures contained in this request. [Note: In both cases, the increased expenditures associated with the position conversion contained in the Governor's biennial budget proposal are assumed to be approved.]

Currently, there are 669 Tier 1, 1,270 Tier 2 and two municipal (Milwaukee and Madison) permits, which will generate approximately \$280,800 ( $669 \times \$200 + 1,270 \times \$100 + 2 \times \$10,000$ ). In addition, a typical building season will have an estimated 400 construction applications generating \$80,000 ( $400 \times \$200$ ). Thus, beginning in FY 97, total revenues to the appropriation are estimated to be \$360,800 annually. A total of \$315,011 of fee revenues were collected in FY 96, but this was before all facilities were permitted. As can be seen on the attached spreadsheet, storm water permit fee revenues will be sufficient well beyond FY 03 to support the request.

2. **JUSTIFICATION FOR COMPUTER HARDWARE** - Storm water permits are tracked by the Bureau of Watershed Management's facility tracking system. This system does not allow for "on-demand" permit issuance. Currently, applicants may wait several months before a batch of permits are issued. To be able to handle requests in a more timely manner and to better serve customers, the Department needs to move some processing of permits to personal computers. Therefore, the Department is requesting \$50,000 to purchase ten new Pentium personal computers: six desktop models and four laptop-docking stations. This request conforms with the DOA statewide migration plan. Details for the purchase of these units is contained in Table A.

The additional computer hardware is needed for the following reasons:

- The existing storm water permit data system operates in an environment which is beyond the capability of personal computers used by existing staff in the central office. The existing computer hardware has neither memory, speed nor hard drive space to efficiently and effectively process storm water permits for industries and developers of construction sites in a timely manner.

- The existing data system will probably be upgraded at some time in the future to issue storm water permits from field offices (potentially service centers). This is a further reason why the requested enhanced systems are necessary in order to have sufficient memory, speed and hard drive space.
- None of the existing computers meet the current Department/Bureau of Information Management standards established for client servers applications or are capable of migration to the DOA-required Microsoft computer environment.
- Several computers are incapable of running even simple data base programs such as Paradox. This restricts staff from compiling and interpreting data and pollution prevention plan information for industrial permittees. This plan and the data are submitted by storm water industrial permittees to demonstrate conformance with permit requirements.
- A number of staff will probably be decentralized over the next year. These staff will be the primary inspectors of storm water permits, both industrial and construction sites. They will need the capability to perform data entry activities at field locations. Use of the docking computers will enhance their ability to complete their work.

The funding requested above for one-time purchase of computers would be converted in succeeding years for tracking and analyzing monitored data, and to replace worn-out computers and software as needed. Monitoring and evaluation is discussed in greater detail below.

3. JUSTIFICATION FOR MONITORING AND EVALUATION - As indicated in the Request section, the \$50,000 used for computer purchases in FY 97 will be used to increase on-going monitoring efforts related to stormwater discharges in FY 98 and beyond. Monitoring is an essential part of implementing a successful urban storm water permit program. A successful program must be able to monitor the success of storm water best management practices in meeting the water quality goals set for the receiving waters. To assess the impact, storm water monitoring and subsequent evaluation of data generated will be used to help answer seven important questions. These questions are:

- a. What types of problems do we have to solve in the receiving waters?
- b. What types of pollutants or factors are causing these problems?
- c. What are the sources of the pollutants causing the problems?
- d. What is a reasonable goal for the receiving waters?
- e. What should our pollutant reduction goals be for each water body?
- f. What are the most cost effective urban best management practices to use?
- g. Do our management plans achieve the goals in the receiving waters?

Monitoring and evaluation activities funded from this request will be designed to answer these questions for both industrial sites and municipalities. At the present time, storm water monitoring is being conducted by the approximately 550 Tier 1 permittees and the municipalities. In 1997, these facilities will be submitting storm water monitoring data to the Department.

Past monitoring and evaluation activities of the storm water program included a major analysis of water quality impact from storm water runoff in Madison and Milwaukee. Some, but not all, data collected from this particular project has been analyzed. Additional storm water monitoring activities are ongoing involving a wider group of Department staff. These activities include a major effort on Lake Superior as well as monitoring the performance of various storm water runoff control devices and practices. Significant visual monitoring of storm water activity is also occurring with storm water staff who conduct field inspections of industrial storm water permit sites.

The annual increased budget of \$50,000, utilizing available matching funds from other sources, would provide capability to analyze data previously collected as well as new data that is being collected by Tier 1 industrial storm water permittees. These funds, by paying for collection and laboratory analysis, would allow the Department to continue answering the seven questions listed above, particularly those questions concerning pollutant concentrations and timing as indicated in questions a, b and c. Answers to these questions would significantly enhance program efficiency, allowing better service to the regulated public and better protection of the environment.

4. JUSTIFICATION FOR 2.0 ADDITIONAL FTE - The \$26,400 requested in FY 97 would enable the Department to hire 1.0 permanent and 1.0 project positions to address stormwater workload shortfall. Full funding for these positions in FY 98 and beyond would be \$105,600.

Table B provides details of the current workload (including the 1.5 FTE proposed by the Governor for conversion from GPR to PR) in the storm water program. As can be seen, workload exceeds available staff by 3.5 full time employee equivalents. The requested addition of 1.0 permanent and 1.0 four-year project FTE will provide significant, but not complete relief, to the workload situation.

The two areas of greatest workload shortfall are as follows: construction site permit issuance and management - 0.5 FTE, and municipal permitting - 1.5 FTE. The additional 2.0 FTE would be deployed to address these and other critical workload shortfalls. The positions requested would be a Wastewater Specialist - Objective and a Management Information Specialist - 3.

5. JUSTIFICATION FOR INCREASED SUPPLIES AND SERVICES FUNDING - The supplies and services support funding associated with the 2.00 FTE currently funded from storm water permit fees was inadvertently omitted from the 1995-97 biennial budget. This request would provide \$3,000 of supplies and services support in FY 97 for these positions, and full funding of \$12,000 annually in FY 98 and beyond. This level of support funding/FTE is required because the storm water program is relatively new, entailing significantly more travel and interaction with customers.

NR 216 will require more activities associated with industries, communities and construction sites. Additionally, new federal mandates, commonly referred to as "Phase 2," likely require even more activities of this type. Initially, more support and travel expense associated with issuance of new permits to Green Bay, Superior and other identified communities will be incurred. Expenses resulting from the Phase 2 mandates are anticipated. In order to properly service stakeholders in this effort, public outreach should be part of this activity and will incur additional expense. Furthermore, many industrial storm water permittees have requested that their permits be downgraded from Tier 1 to Tier 2 or Tier 3. Also, some facilities are requesting exemption from permit coverage. As permit status is downgraded, compliance becomes less costly and rigorous for the facility. However, in order to grant permit downgrades, on-site inspections and evaluations must be conducted by Department staff.

If you have any questions on this request, please contact Al Shea, MB/5 (267-2759) or Gordon Stevenson WT/2 (267-9306). Thank you for your consideration of this matter.

cc: Russ Rasmussen - DOA  
Susan Sylvester - AD/5  
Paulette Harder - WT/2  
Al Shea - MB/5  
Dan Derr - FN/1  
Lois Aide - WT/2  
Gordon Stevenson - WT/2  
Susan Felker-Donsing - MB/5  
Paul Willihnganz - PE/5



Table A  
 Cost Estimates  
 Computer Equipment for Storm Water Program  
 December 4, 1996

Units	Model	Vendor	Software	Estimated Cost Per Unit With Software	Total Cost
6 Desktop Personal Computers	Pentium	Dell	-Microsoft Office -Paradox	\$4,000	\$24,000
4 Laptop Personal Computers with Docking Stations	Pentium	As Authorized	-Microsoft Office -Paradox	\$6,500	\$26,000
Total					\$50,000

Table B.  
 Summary of Annual Regulatory Storm Water Workload in FY 97  
 December 4, 1996

Activity	Hours Estimated- FY97	Full Time Equivalent Needed	Full Time Equivalent Available
Industrial Permit Issuance and Management	4000	2.00	1.50
Data Inventory and Management	2500	1.25	1.00
Tier Change Requests and Evaluation	2000	1.00	1.00
Pollution Prevention Plan Review	1000	0.50	0.50
Tier 1 Chemical Data Review	500	0.25	0.25
Construction Site Permit Issuance and Management	2000	1.00	0.50
Non-filer Tracking	1000	0.50	0.25
Municipal Permitting (Phase 1 + Phase 2)	6000	3.00	1.50
Storm Water Liaison with Other Agencies	500	0.25	0.25
Compliance Evaluation and Outreach	500	0.25	0.25
Salvage Yard Strategy	2000	1.00	0.50
Totals	22,000	11.00	7.50

25-Mar-97

FUND CONDITION FOR STORMWATER PERMIT FEE APPROPRIATION  
(WITH GOV'S POSITION CONVERSIONS ONLY)

	ACTUAL FY94	ACTUAL FY95	ACTUAL FY96	ESTIMATED FY97	ESTIMATED FY98	ESTIMATED FY99	ESTIMATED FY00	ESTIMATED FY01	ESTIMATED FY02	ESTIMATED FY03
BEG BALANCE	\$0	(\$73,253)	\$103,015	\$246,033	\$478,533	\$594,733	\$710,933	\$827,133	\$943,333	\$1,059,533
REVENUES	\$0	\$380,243	\$318,011	\$360,800	\$360,800	\$360,800	\$360,800	\$360,800	\$360,800	\$360,800
TOTAL AVAIL.	\$0	\$306,990	\$421,026	\$606,833	\$839,333	\$955,533	\$1,071,733	\$1,187,933	\$1,304,133	\$1,420,333
EXPENDITURES	\$55,731	\$146,435	\$174,993	\$128,300	\$142,400	\$142,400	\$142,400	\$142,400	\$142,400	\$142,400
GOV'S POSITION CONVERSION	\$0	\$0	\$0	\$0	\$102,200	\$102,200	\$102,200	\$102,200	\$102,200	\$102,200
UNLIQUIDATED ENCUMB.	\$17,522	\$57,540	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNENCUMBERED BALANCE	(\$73,253)	\$103,015	\$246,033	\$478,533	\$594,733	\$710,933	\$827,133	\$943,333	\$1,059,533	\$1,175,733

FUND CONDITION FOR STORMWATER PERMIT FEE APPROPRIATION  
(INCLUDES GOV'S POSITION CONVERSIONS AND S. 16.515 FOR COMPUTERS/MONITORING, 2.0 NEW FTE, AND S/S SUPPORT)

	ACTUAL FY94	ACTUAL FY95	ACTUAL FY96	ESTIMATED FY97	ESTIMATED FY98	ESTIMATED FY99	ESTIMATED FY00	ESTIMATED FY01	ESTIMATED FY02	ESTIMATED FY03
BEG BALANCE	\$0	(\$73,253)	\$103,015	\$246,033	\$399,133	\$347,733	\$296,333	\$244,933	\$193,533	\$190,033
REVENUES	\$0	\$380,243	\$318,011	\$360,800	\$360,800	\$360,800	\$360,800	\$360,800	\$360,800	\$360,800
TOTAL AVAIL.	\$0	\$306,990	\$421,026	\$606,833	\$759,933	\$708,533	\$657,133	\$605,733	\$554,333	\$550,833
EXISTING EXPENDITURES	\$55,731	\$146,435	\$174,993	\$128,300	\$142,400	\$142,400	\$142,400	\$142,400	\$142,400	\$142,400
GOV'S POSITION CONVERSION	\$0	\$0	\$0	\$0	\$102,200	\$102,200	\$102,200	\$102,200	\$102,200	\$102,200
16.515 - COMPUTER/MONITORING	\$0	\$0	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
16.515 - FTE	\$0	\$0	\$0	\$26,400	\$105,600	\$105,600	\$105,600	\$105,600	\$57,700	\$57,700
16.515 - S/S SUPPORT	\$0	\$0	\$0	\$3,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
UNLIQUIDATED ENCUMB.	\$17,522	\$57,540	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNENCUMBERED BALANCE	(\$73,253)	\$103,015	\$246,033	\$399,133	\$347,733	\$296,333	\$244,933	\$193,533	\$190,033	\$186,533

PERMIT TYPE	# PERMITS	\$/PERMIT	FY97 REV
INDUSTRIAL TIER 1	669	\$200	\$133,800
INDUSTRIAL TIER 2	1270	\$100	\$127,000
MUNICIPAL PERMITS	2	\$10,000	\$20,000
CONSTRUCTION	400	\$200	\$80,000
	2341	\$10,500	\$360,800

# CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN  
Department of Administration

*Date:* April 24, 1997

*To:* Mark D. Bugher, Secretary

*From:* Brian Pahnke, Executive Policy and Budget Analyst

*Subject:* 16.515 Request for the Department of Public Instruction (DPI)

## Request

The DPI requests approval of \$57,500 in additional expenditure authority under s. 20.255 (1) (gt), Residential Schools; pupil transportation. Revenues from this appropriation are derived from charges to the residential school's students' home districts under s. 115.53 (6).

## Background

Under ss. 115.52 and 115.53, the DPI is the state agency responsible for operating and maintaining the state's two residential schools for visually handicapped and deaf children. These two schools, the Wisconsin School for the Visually Handicapped (WSVH) in Janesville and the Wisconsin School for the Deaf (WSD) in Delavan, provide tuition-free educational programs similar to those offered in kindergarten through high school in local school districts. Both schools supplement their educational programs with additional activities designed to meet the unique needs of their students.

The two residential schools operate almost entirely with state and federal funds. In 1987, the Legislature created appropriation s. 20.255(1)(gt) and authorized the DPI to charge school districts that place students at the residential schools for the cost of weekend and holiday transportation to and from the student's home residence. Transportation is provided either by bus or airplane, depending on the distance to be traveled. Transportation costs are estimated prior to each year and then billed to school districts based on a specific rate (52 cents per mile in 1996-97). The department's expenditure authority under this appropriation (approved in the 1995-97 biennial budget bill) is \$700,000.

Costs charged to districts include bus and air trips and those associated with providing chaperones (permanent DPI staff), who assist transported students. According to the department's 1997-99 biennial budget request (which also provided information for the 1996-97 school year), 38 bus and handicapped van roundtrips and 35 airplane round trips will be required to transport students in the 1996-97 school year.

Department policy provides that ground transportation and related costs are coordinated and provided by the WSVH, while the WSD is responsible for airplane and chaperone-related travel and its associated costs.

The department's justification for seeking increased expenditure authority is primarily due to:

- a 6.5% across-the-board price increase imposed by the bus transportation company;
- a 4% price increase in air costs;
- an additional van route; and
- a change in an existing route that has resulted in a longer trip.

#### Analysis

The department's request results from higher than anticipated costs in transporting pupils to and from the state's residential schools. Transportation costs have increased primarily due to inflationary and other increases in transportation contracts (e.g. motor fuel), additional routes traveled, and changes in existing transportation routes. Table 1 below details the last four years of residential school transportation costs.

**Table 1**

<b>Fiscal Year</b>	<b>Residential School Transportation Costs</b>	<b>Percentage Increase in Transportation Costs</b>
1993-94	\$583,100	N/A
1994-95	\$593,900	1.8%
1995-96	\$674,500	13.5%
1996-97	\$757,500 (Est.)	12.3%

The most significant portion of the estimated \$83,000 increase in total transportation expenditures this year (over 1995-96) is related to increased ground transportation costs, which the department notes are anticipated to increase by \$67,000 (16.7%) over last year. While this year's base bus contract increased by 6.5% and has resulted in approximately \$27,200 in additional costs over last year, greater increases in costs are due to the addition of one new route and a late change to an existing route.

According to the department, its FY97 appropriation included plans for a van route to Milwaukee, which was subsequently replaced with a route to Racine. Costs to Milwaukee were projected to be \$463 per round-trip (DPI bus contracts are negotiated in advance based on routes traveled) this year, while the Racine route costs \$784 per round-trip. This difference of \$321 per round-trip multiplied by 38 roundtrips per year has resulted in \$12,200 in additional unanticipated costs. In addition, the department notes an additional van route was added this year to transport a student, who was transported directly by a WSVH employe last year, to Spring Green. The \$820 cost per

round-trip to Spring Green, multiplied by 38 roundtrips has added \$31,200 in costs over last year, resulting in the need for additional expenditure authority.

Department data indicate that total air costs are expected to increase by 5.2% (\$12,700) over 1995-96, while total personnel costs are likely to decrease by 13% (\$3,900) over last year for chaperones that accompany students on these trips. The department expects a reduction in personnel costs since it has not employed LTE's this year to serve as chaperones.

A summary of transportation costs by category is provided in Table 2 below.

**Table 2**

<b>Item</b>	<b>1995-96 Costs</b>	<b>1996-97 Costs (Est.)</b>
Total Ground Transportation (WSVH)	\$400,500	\$467,500
Total Air Transportation (WSD)	\$244,000	\$256,700
Chaperone Salaries (WSD)	\$16,100	\$19,300
Chaperone Fringe Benefits (WSD)	\$6,200	\$6,700
LTE Salaries (WSD)	\$7,600	\$0
<b>Total Costs</b>	<b>\$674,400</b>	<b>\$750,200</b>

Table 2 indicates that it appears the department will need an additional \$50,200 in expenditure authority under this appropriation, which is \$7,300 less than that requested. According to the department, failure to approve this request may require DPI to adjust for the deficiency with GPR funds elsewhere in the department, including its general program operations appropriation for the residential schools. In addition, the Legislative Audit Bureau noted in June 1994 that the use of state GPR funds to offset these costs may be contrary to legislative intent since the legislature specifically authorized DPI to charge school districts for transportation costs under s.115.53 (6).

**Recommendation**

Approve a modified request of \$50,200 in additional expenditure authority under s.20.255 (1)(gt) Residential schools; pupil transportation.

Brian P.

Memorandum

STATE OF WISCONSIN  
DEPARTMENT OF PUBLIC INSTRUCTION



DATE: April 13, 1997

TO: Mark D. Bugher, Secretary  
Department of Administration

FROM: John T. Benson, State Superintendent

SUBJECT: Request for Program Revenue Supplement-- Residential Schools;  
Pupil Transportation

This is a request under s. 16.515 for a supplement to appropriation s. 20.255 (1)(gt) residential schools; pupil transportation. This appropriation finances week-end transportation for students at the Wisconsin School for the Deaf and the Wisconsin School for the Visually Handicapped. The costs for transportation are charged by the department to students' home school districts under s. 115.53 (6).

The 1996-97 appropriation for week-end transportation for residential school students is \$700,000. However, actual expenditures for transportation in this fiscal year are anticipated to be \$757,500. The costs include bus, airplane, fleet car and chaperone expenses. Details of the expenditures to date and anticipated expenditures are attached.

When the 1995-97 biennial budget was prepared, an annual cost not exceeding \$700,000 was projected. The additional \$ 57,500 in cost was not foreseen. The 1995-96 expenditures totaled \$674,500.

This request is for 1996-97 only since AB 100/ SB 77 now includes adequate funding for the projected 1997-98 and 1998-99 week-end transportation costs.

I appreciate your consideration of this request. If you have questions, please contact Faye Stark, Director, Policy and Budget, at 266-1966.

Encl.



Wisconsin School for the Visually Handicapped &  
Educational Services Center for the Visually Impaired

Department of Public Instruction/John T. Benson, State Superintendent  
(608) 758-6100/FAX (608) 758-6161

William S. Koehler  
Superintendent

Mailing Address:  
1700 West State Street  
Janesville, WI 53546

April 11, 1997

Weekend Bus Transportation cost for 1996-97 school year.

Expenditures thru February 1997:

Elkhorn Bus Company           \$ 306,324.76

Airplane                               168,427.34

Total Expended \$ 474,752.10

Anticipated Expenditures:

Elkhorn Bus Company               \$ 161,149.24

Airplane                               87,000.00

Chaperones (Salary & Fringe)       26,000.00

Miscellaneous (Travel for Chaperones,  
Fleet Car, Indirect Costs)       8,572.66

282,721.90

Total Anticipated Expenditure   757,474.00

Submitted by: Frances Groene  
Payroll & Benefits Spec.  
WSVH

CC: Mr. Beeler  
Mr. Becraft  
Ms. Stark  
Ms. Radecki

Fryer

Figures include  
both schools

ALT